From:	jeffrey E. <jeevacation@gmail.com>
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CC:	
Date:	Tue, 3/17/2015 8:28:15 PM
Subject:	udi comments

1. There can be no pledge agreement and accordingly no reference to the pledge agreement in the Note.
2. Because under Israeli tax law if the loan is converted to shares, the Borrower will need to deduct and withhold tax in respect of the accrued interest, Udi suggests that interest on the note should be reduced to very close to zero.
3. Udi amended to the form of payment section to provide that payments on the note are to be made by a transfer of Reporty shares, or , if Borrower decides in its discretion, then in U.S. Currency. (Currently, Borrower is is Ergo Ltd., which is solely owned by EB and will be the general partner of the LLP that will invest in Reporty. Once the LLP is formed, the note will be Automatically assigned to the LLP and the LLP will become the Borrower). So, it gives EB's company discretion to pay us in shares or cash. Shouldn't a decision to pay in cash instead of Reporty shares require the consent of Lender?
4. Udi eliminated the concept of a higher default interest rate purportedly for the same reasons indicated in comment 2 above.
5. Udi wants STC to provide a document or an email that obligates it to transfer to the LLP the additional $500K within 10 days from the receipt of a notice from the GP of the LLP that the "milestone" was achieved. As to this comment, I note that they have asked you to rely upon EB's promise to form the LLP, and to rely upon EB's promise to restructure this transaction once the LLP is formed. They also want you to rely on the promise that the Reporty shares will be the security for this loan, but not to require a pledge in respect of this security. At the same time that they are asking that you rely upon EB's promises, they are insisting that your company, which has already funded $1MM to a newly formed entity without any signed documentation, to provide a document obligating itself to fund the additional $500k "within 10 days from the receipt of a notice from the GP of the LLP that the milestone was achieved." Shouldn't the same trust work both ways here? Second, the "milestone" has not yet been defined

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